Implementing the Uniform Grant Guidance

"UGG"

Spring Coordinators' Meeting

March 2015

Objectives

- Purpose of the UGG
- ED and ADE processes
- Quick tour
- Timeline for implementation
- Resources

Purpose – Key Takeaways

- Consolidate eight OMB circulars
  - Reduce administrative burden, increase flexibility, improve outcomes
- Uniform 'time and effort"
- Audit threshold changes
- Effective dates
- ED trainings

ED Implementation

- Consulted OMB
  - New EDGAR/ new guidance
  - Non-regulatory policies in process of being updated
  - Training materials being prepared

New EDGAR/Regulations

- **34 C.F.R. Part 75 - Direct Grant Programs**
- **34 C.F.R. Part 76 - State-Administered Programs**
- **34 C.F.R. Part 77 - Definitions**
- ~~34 C.F.R. Part 80 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Govts~~ ***(removed)***
- **34 C.F.R. Part 81 - The General Education Provisions Act**

- **C.F.R. PART 3474 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.**

Quick Tour – a Grant's Life Cycle

- Subparts A-F
  - A – Acronyms and Definitions
  - B – General Provisions
  - C – Pre-Award Requirements
  - D - Post –Award Requirements
  - E- Cost Principles
  - F – Audit Requirements
- Appendices – Indirect Cost and Cost Allocations and Compliance Supplement

Previous Guidance	12/26/2014
Circulars A-89, A-102, A-110	UGG Subparts B,C, and
Circulars A-21, A-87, A-122	UGG Subpart E
Circulars A-133, A-50	USS Subpart F
EDGAR Parts 75 to 99	EDGAR Parts 75-79 and 81-99
EDGAR Parts 74 and 80	Becomes part of UGG

Pre-Award Changes

- GAN – Grant Award Notices
  - More data required
- ED – grant = award = cooperative agreement
- Continues use of 'high risk"

Key Post- Award Changes

Increased flexibilities and responsibilities for grantees:

- Greater emphasis on internal controls to ensure compliance and fiscal responsibility

- Greater focus on performance expectations and results

- Enhanced oversight requirements of sub-recipients and contracts, which includes risk assessment and use of monitoring tools

Key Post- Award Changes

- Pre-award costs

- New procurement oversight - §200.324

Risk-Based Monitoring

Increased responsibilities for pass-through entities described in §200.331

- *(b) Pass-through entities must evaluate each sub-recipient's risk of noncompliance with federal laws, regulations, and grant terms and conditions, and determine appropriate monitoring actions.*
- Considerations:
  - Prior experience with the same or similar sub-award
  - History of audits
  - New personnel or new systems
  - Relevant federal monitoring

- Monitoring may include –
  - Provide training and technical assistance
  - Perform an on-site review of entity's program operations
  - Arrange for agreed-upon-procedures for Audit services

Cost Principles

- §200.407 lists 22 prior approval requirements
- New requirements:
  - Certifications for reports, vouchers ad indirect cost proposals
  - Dependent care
  - Direct charging of materials and supplies
    - Computers<$5,000 = supplies

Reminder

- Basic standards for allowability remain the same:
  - Necessary
  - Reasonable
  - Allocable
  - Documented

Other changes

- Time and Effort flexibility
- Indirect costs calculations
- Single Audit threshold - $750,000
  - Questioned costs <$25,000 are no longer required to be reported. *Fewer audits and findings have monitoring implications.*
  - Audits must be submitted electronically to the Federal Audit Clearinghouse and made available to all funding agencies. *States will continue to resolve sub-recipient audits*

Timeline

- Applies to all New and Continuation grants awarded on or after December 26, 2014 -
- Audit and indirect cost changes take effect when your next fiscal year after December 26, 2014, starts
- Grants awarded prior to December 26, 2014 and all supplements and admin actions to those grants are subject to former parts 74 or 80, as applicable :
    - New Award
    - Continuation Award
    - Administrative Actions and Supplements to these awards up to September 30, 2015
- As of October 1, 2015 the majority of grant funds will be subject to the Uniform Guidance – includes carryover from previous year.

Internal Controls
Drafting Policies and Procedures

- Importance?

- Procedures (to write procedures!)

- Organization and requirements

- What to do when completed

Rationale – Why?

- EDGAR requirements

- Single audit

- Monitoring

- Staff changes and transitions

Emphasis on internal controls
Written policies and procedures are required!

- Written Cash Management Procedures – § 200.302(b)(6) & § 200.305

- Written Allowability Procedures - § 200.302(b)(7)

- Written Conflicts of Interest Policy - § 200.318(c)

- Written Procurement Procedures - § 200.19(c)

- Written Method for Conducting Technical Evaluations of Proposals and Selecting Recipients - § 200.320(d)(3)

- Written Travel Policy - § 200.474(b)

Single Audits

- Auditors ask about policies and procedures
  - Some tests specifically require written policies and procedures
- "Control activities are the policies and procedures that help ensure the management's directives are carried out."
  - Clearly written & communicated
  - Compliance Supplement, Part 6: Internal Controls
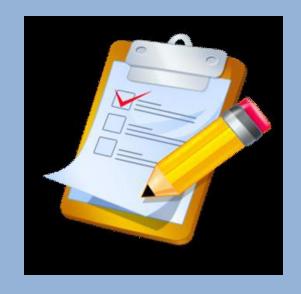
Monitoring

- Policies and procedures are evidence of compliance under all program monitoring tools.

- Compliance Supplement, Part 6: Internal Controls,

- Section M. Subrecipient Monitoring

  Written policies and procedures exist establishing:

  – Communication of Federal award requirements to subrecipients

  – Responsibilities for monitoring subrecipients

  – Process and procedures for monitoring

  – Methodology for resolving findings

  – Requirements related to subrecipient audits, including appropriate adjustment of pass-through's account

Staff Changes and Transitions

- Training tool
- Maintain consistency
- Leads to:

Administering compliant programs and complying with grants management requirements!

What is the process?

- Review existing policies and procedures
- Develop questions
- Schedule interviews with relevant staff
- Gather information on actual practices
- Draft policies and procedures
- Review internally with appropriate staff
- Revise
- Formally adopt and implement
- Train staff
- *Annually review and revise!*

Suggested Sections

- Organization, Structure and Function
- Grant Application Process
- Financial Management System
- Procurement
- Inventory/Property Management
- Time and Effort
- Record Keeping/Record Retention
- Monitoring
- Audit Resolution
- Programmatic Fiscal Requirements
- Programmatic Requirements

Organization, Structure and Function Helpful Questions to Ask

- Do you have an organizational chart?
- What are the offices, sections, divisions or employees that have responsibility for grant administration?
  - What are their responsibilities?
- Are there any entities outside of the agency that have grant administration responsibilities?
  - What are those responsibilities?
  - How was relationship created? What are the terms?
  - MOU/MOA?

Grant Application Process
Helpful Questions to Ask

- How does the agency determine what grants to apply for?

- What is the process?
    - Determining organizational capacity to run a compliant program

- Who reviews and signs off on a grant application?

- What happens after a grant is awarded?

Financial Management System Helpful Questions to Ask

- What accounting systems are used?
- What function does each system perform?
- Who is responsible for managing budgets and accounts payable?
- How are budgets loaded and tracked on the system?
- What is the process for comparing budgets to expenditures?
- How do you ensure all expenditures are allowable?

- What is the process for requesting budget revisions?

- How do you ensure that all expenditures are made within the period of availability?

- What happens to unobligated funds?

- Does the system interface with the procurement and inventory systems?

- How are vendors paid? What is the process? Who is involved?

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After your policies and procedures are done . . .

NOW WHAT!?!

Arizona Department of Education

- Training
- Schedule Review and Revise
- Where are Policies and Procedures Located?

Resources

- http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html